



# Spatial Economics Research Centre

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## The (New) Northern Powerhouse Strategy

Posted by Neil Lee, Geography & Environment and SERC

The [headlines](#) from yesterday's Autumn Statement were mainly about the grim economic forecasts, post-Brexit. But there were also some significant developments around the Northern Powerhouse (see my [paper on the topic](#)). There had been concerns that this agenda was going to end when George Osborne, who led it, left the Treasury.

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The strategy suggests some shift in focus. Under Osborne the Northern Powerhouse had four "ingredients" - transport, science and innovation, devolution, and culture (the poor relation). The new "strategy" seems based on: connectivity, skills, enterprise and innovation, and trade and investment. Culture is now justified mainly as an attempt to attract and retain skilled workers.

The focus on skills and education is important. SERC research has highlighted [the importance of skills](#) in regional disparities, but skills were - [as I argued earlier this year](#) - missing from earlier iterations. IPPR North released a [sobering analysis](#) of the problem faced and a [review](#) has been conducted. The success of these policies will have long-term implications. [Updated: As Alex notes [here](#), there was no mention of skills in Hammond's actual statement.]

Second, the initial focus on [innovation](#) has broadened out to include enterprise. While few people are against enterprise, many firms are not the wealth creators politicians imagine (see Alex and Paul's work [here](#)) and there are [cautionary tales](#) about the creation of lots of poor quality start-ups in lagging regions. The focus needs to be on quality, not quantity.

Finally, one critique of the Northern Powerhouse has been that it is a political brand rather than a genuine economic strategy. But the branding element is now an explicit goal of the policy (see this whizzy [video](#)), with the aim of using the Northern Powerhouse branding to attract trade and investment. Given the state of the post-Brexit economic forecasts, let's all hope this works.

Posted by [Neil Lee](#) on [Thursday, November 24, 2016](#)

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